

## 283 - JOHN WAYNE AIRPORT DEBT SERVICE

### Operational Summary

#### Description:

This fund provides appropriations for debt service and related trustee activity associated with Airport Revenue Bonds, Series 1997 and 2003. The bonds were issued to refinance debt associated with the construction of the JWA Master Plan, including the Thomas F. Riley Terminal, which opened to the traveling public in September 1990. Funding was subsequently added for all facets of the Santa Ana Heights Acoustical Insulation Program.

#### Strategic Goals:

- Continue to comply with debt defeasance requirements in accordance with the Bond Indenture.
- Maintain Moody's Aa3 rating, Standard and Poor's A+ rating and Fitch's A+ rating on JWA revenue bonds.

#### FY 2005-06 Key Project Accomplishments:

- Met or exceeded all financial and reporting requirements in accordance with the Bond Indenture.
- Under its bond indenture, the Airport has an obligation to ensure repayment of its bonds and maintain a net revenue rate coverage of at least 125%. Strong operating results produced a rate coverage of 257% for the 2005 fiscal year.
- The Airport's current bond ratings of Aa3, A+ and AA- from Moody's, Standard and Poor's and Fitch respectively, are among the highest in the nation compared to airports of similar size. The latter was upgraded from A+ in April 2006.
- JWA consultant John F. Brown Company completed the SAIP Financial Analysis and Preliminary Financial Plan Report. John F. Brown concluded that the SAIP program is financially feasible and provided a recommended financing alternative that was approved by the Board of Supervisors in December 2005. Also, the Airport submitted to the Federal Aviation Administration the Airport's first Passenger Facility Charge (PFC) application in December 2005.

**JWA Debt Service** - Provides appropriations to account for all debt service and related trustee activity as required under the JWA Bond Indenture.

**SA Heights Acoustical Program** - Provides appropriations to account for all aspects of the Santa Ana Heights Acoustical Insulation Program. This program is ending in FY 05-06.

#### At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	18,944,377
Total Final FY 2006-2007	89,742,456
Percent of County General Fund:	N/A
Total Employees:	0.00

### Budget Summary

#### Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no money from the County General Fund. Net revenues from JWA operations are utilized to provide for repayment of Airport Revenue Bonds.

### Changes Included in the Base Budget:

Non-operating revenues increased approximately \$16 million due to the implementation of a new Passenger Facility Charge (PFC) program at John Wayne Airport.

JWA will utilize all available unreserved net assets to effect operating transfers to the newly established JWA Capital Projects Fund (Fund-Agency 281-281). This fund will be used to budget and account for all new capital projects.

### Final Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual Exp/Rev	Budget As of 6/30/06	Actual Exp/Rev <sup>(1)</sup> As of 6/30/06		Actual Amount	Percent
Total Revenues	64,128,514	43,676,308	43,674,228	89,742,456	46,533,221	107.69
Total Requirements	43,598,715	49,665,437	20,001,574	89,742,456	69,740,882	348.68
Balance	20,529,799	(5,989,129)	23,672,654	0	(23,207,661)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: John Wayne Airport Debt Service in the Appendix on page A205

### Highlights of Key Trends:

- Since the issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the 125 percent debt service covenant imposed by the Bond Indenture.

## 283 - John Wayne Airport Debt Service

### Operation of Enterprise Fund 283 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING REVENUE</b>					
7590	Other Charges for Services	625,361	130,647	0	0
<b>Total Operating Revenue</b>		625,361	130,647	0	0
<b>OPERATING EXPENSES</b>					
Services & Supplies					
1900	Professional and Specialized Services	638,427	140,788	60,000	60,000
<b>Total Services &amp; Supplies</b>		638,427	140,788	60,000	60,000
Miscellaneous					
5300	Depreciation	11,302,610	11,302,696	11,300,000	11,300,000
<b>Total Miscellaneous</b>		11,302,610	11,302,696	11,300,000	11,300,000
<b>Total Operating Expenses</b>		11,941,037	11,443,483	11,360,000	11,360,000
<b>Net Operating Income (Loss)</b>		(11,315,676)	(11,312,837)	(11,360,000)	(11,360,000)
<b>NON-OPERATING REVENUE</b>					
6610	Interest	2,254,375	3,638,140	3,614,287	3,614,287
7670	Miscellaneous Revenue	144,946	276,905	15,751,050	15,751,050
<b>Total Non-Operating Revenue</b>		2,399,321	3,915,045	19,365,337	19,365,337
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	1,826	1,570	0	0
3200	Bond Redemption	0	0	12,765,000	12,765,000
3300	Interest on Bonds	8,376,293	7,567,392	5,636,788	5,636,788
5400	Loss or Gain on Disposition of Assets	1,063	0	0	0
<b>Total Non-Operating Expenses</b>		8,379,181	7,568,962	18,401,788	18,401,788
<b>Net Non-Operating Income (Loss)</b>		(5,979,860)	(3,653,917)	963,549	963,549
<b>Income (Loss) Before Contributions &amp; Transfers*</b>		(17,295,536)	(14,966,754)	(10,396,451)	(10,396,451)
<b>CAPITAL ASSETS</b>					
4200	Buildings and Improvements				
	P130 SE Parking Structure	0	5,409	0	0
	P165 Project Controls	0	547,397	0	0
<b>Total Buildings and Improvements</b>		0	552,806	0	0
<b>Total Capital Assets</b>		0	552,806	0	0

## Operation of Enterprise Fund 283

### Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
(1)		Actual	Actual	Proposed Budget	Final Budget
(2)		(3)	(4)	(5)	(6)
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(17,295,536)	(14,966,754)	(10,396,451)	(10,396,451)
7812	Interfund Transfers In - from Funds 2AA-299	22,068,426	17,111,247	18,401,788	18,401,788
4802	Interfund Transfers Out - to Funds 2AA-299	0	0	(59,980,668)	(59,980,668)
Changes to Reserves - Encumbrance - (Inc)/Dec.		428,657	464,991	0	0
Changes to Reserves - Net Assets - Reserved (Inc)/Dec.		(21,852,184)	440,501	28,189,473	28,189,473
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,997,028	1,081,997	0	0
Changes to Reserves - Net Assets - Restricted (Inc)/Dec.		(1,426,313)	(989,129)	0	0
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		<b>(16,079,922)</b>	<b>3,142,854</b>	<b>(23,785,858)</b>	<b>(23,785,858)</b>
<b>Net Assets - Unrestricted - Beginning of Year</b>		<b>36,609,721</b>	<b>20,529,799</b>	<b>23,785,858</b>	<b>23,785,858</b>
<b>Net Assets - Unrestricted - End of Year</b>		<b>20,529,799</b>	<b>23,672,653</b>	<b>0</b>	<b>0</b>

\*Note - Loss Before Contributions and Transfers is overstated in the 2006-07 Proposed and Approved Estimates columns due to bond redemption expenditures that will be capitalized at year-end.